

Message Text

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TO AMEMBASSY CANBERRA

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FOR DEPUTY ASSISTANT SECRETARY WALDMANN

FOLLOWING REPEAT OSLO 0792 SENT SECSTATE INFO COPENHAGEN
STOCKHOLM DATED FEB 25.

QUOTE

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SUBJ: CIVAIR: CAPACITY TALKS

REF: (A) STATE 41134; (B) OSLO 766

FOLLOWING IS INFORMAL EMBASSY TRANSLATION OF MFA PRESS RELEASE
FEBRUARY 21:

"AIR TRANSPORT NEGOTIATIONS WITH THE UNITED STATES

THE REQUEST FOR CONSULTATIONS CAME FROM THE AMERICAN SIDE. DURING
THE CONSULTATIONS THE AMERICANS SUGGESTED THAT SAS SHOULD REDUCE
ITS TRANSPORT CAPACITY TO THE U.S. THE BACKGROUND FOR THIS WAS
PAN AM'S DIFFICULT FINANCIAL POSITION AND THE FACT THAT PAN AM HAD
A SMALL SHARE OF THE TRAFFIC BETWEEN SCANDINAVIA AND THE U.S.
IT WAS EMPAHSIZED FROM THE SCANDINAVIAN SIDE THAT SAS HAS ALWAYS
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COMPLIED WITH THE REGULATIONS IN THE AIR TRANSPORT AGREEMENT AND

THAT THESE DO NOT WARRANT LIMITATIONS OF THE KIND SUGGESTED FROM THE AMERICAN SIDE. ONE WOULD, HOWEVER, FROM THE SCANDINAVIAN SIDE, NOT OPPOSE THAT SAS AND PAN AM REACHED A MUTUALLY ACCEPTABLE AGREEMENT ON CAPACITY LIMITATIONS.

THE ISSUE OF TRANSPORT CAPACITY WAS THEREAFTER REFERRED TO NEGOTIATIONS BETWEEN THE TWO COMPANIES WHICH MUTUALLY EXPLAINED THEIR POSITIONS. THE SUMMER SCHEDULE WHICH SAS PRESENTED TO PAN AM INCLUDED SUBSTANTIAL BUILT-IN CAPACITY REDUCTIONS WHEREAS PAN AM'S SUMMER SCHEDULE IMPLIED A SUBSTANTIAL INCREASE IN PAN AM'S CAPACITY TO SCANDINAVIA. THE TWO PARTIES WERE QUITE CLOSE IN REGARD TO THE CAPACITY ISSUE: THERE WAS DISAGREEMENT, HOWEVER, ABOUT THE TRAFFIC SCHEDULES.

IN SPITE OF THIS DEVELOPMENT THE SCANDINAVIAN SIDE BELIEVES THAT THE OFFICIAL CONSULTATIONS IN WASHINGTON IN NOVEMBER 1974 AND THE SUBSEQUENT NEGOTIATIONS BETWEEN THE COMPANIES HAVE BEEN USEFUL. PROBLEMS AND POINTS OF VIEWS HAVE BEEN ADEQUATELY CLARIFIED. IT HAS, AMONG OTHER THINGS, BEEN ESTABLISHED THAT SAS GETS 90 PERCENT OF ITS TRAFFIC IN THE DIRECT MARKET BETWEEN THE TWO AREAS.

THE AIR AGREEMENT DOES NOT PRESUPPOSE THAT CONSULTATIONS OF THIS CHARACTER SHOULD NECESSARILY RESULT IN A FORMAL AGREEMENT IN A MUTUALLY AGREED UPON DOCUMENT, AND THE AMERICAN AND THE SCANDINAVIAN AUTHORITIES HAVE, THEREFORE, ACCORDING TO THE CIRCUMSTANCES AGREED THAT A CONTINUATION OF THE CONSULTATIONS ARE UNNECESSARY.

THE NEXT DEVELOPMENT IS THAT THE COMPANIES SEPARATELY PUBLISH THEIR SUMMER SCHEDULES IN THEIR CUSTOMARY WAY. IT IS PERFECTLY CLEAR THAT WITH REFERENCE TO THE AIR TRAFFIC AGREEMENT THE SCANDINAVIAN AUTHORITIES HAVE FOR THEIR PART NO REASON TO OPPOSE THE PAN AM PROGRAM. BYRNE UNQUOTE KISSINGER

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